

The GCF reaches effectiveness: a key milestone towards an ambitious legally binding climate deal in Paris

With the signature by the Government of Japan to its contribution agreement with the Green Climate Fund (GCF) now almost 60 per cent of the pledges made to the Fund at its first pledging conference in November 2014 are secured through legally binding contribution agreements. Crossing the threshold of 50 per cent of the pledges covered by these agreements gives the GCF Board the authority to start allocating funding to concrete project and programme proposals. This is a major milestone in the evolution of the Fund and successfully completes a four-year design phase that has shaped the operational policies and procedures of the GCF.

It is also a major milestone for the international climate regime as it further builds the momentum for international action on climate change through an ambitious legally-binding climate agreement to be adopted in Paris at the end of this year to keep global temperature increase below 1.5°C. By operationalizing and capitalizing the GCF, the international community has shown its willingness for enhanced global cooperation on fighting climate change. The significant amounts of public funding committed to the GCF will assist the adaptation and mitigation efforts of developing countries and in particular those most vulnerable countries that are already experiencing significant damages from climate change and incur real cost affecting their sustainable development prospects.

In Paris, world leaders will have to match the ambition they put in to the GCF when it comes to cutting greenhouse gas emissions. Only an ambitious legally binding agreement based on science will send a strong enough signal to the private sector to embark on a massive shift of investments needed for a global economic transformation, including the decarbonisation of the energy sector by mid of this century. With the GCF and its Private Sector Facility, Parties to the climate Convention have created a vehicle that can implement this transformation but it is the Paris agreement that will be pivotal for triggering this shift.

More remains also to be done under the GCF – reaching effectiveness marks the start of a new phase in the Fund’s operations. The GCF is now set to select and fund its own projects and programmes. The Fund’s first portfolio will determine in what kind of institution the GCF will turn out to be and how successful it will be in its mission to promote the needed paradigm shift.

Further, there are still some countries that have not yet signed their contribution agreement with the Fund, most prominently the US, Australia and Canada. France also only signed for half of its pledge so far. Having all countries signing full contribution agreements as soon as possible will facilitate building trust and momentum towards the Paris summit.

Table 1. Overview of Status of Contribution Agreements

Country	Pledge (million USD)	Signed (million USD)	Per Cent of Pledge Signed
Australia	186.9	0	0.00%
Austria	25	26.8	107.20%
Belgium	69	54.3	78.70%
Canada	277	0	0.00%
Chile	0.3	0.3	100.00%
Colombia	6	0	0.00%
Czech Republic	5.3	0.5	9.43%
Denmark	71.8	71.8	100.00%
Finland	107	0	0.00%
France	1035.5	577.9	55.81%
Germany	1000.3	1000.3	100.00%
Iceland	0.2	0.2	100.00%
Indonesia	0.3	0.3	100.00%
Italy	334.4	0	0.00%
Japan	1,500	1,500	100.00%
Korea	100	14.2	14.20%
Latvia	0.5	0.5	100.00%
Liechtenstein	0.1	0.1	100.00%
Luxembourg	6.7	6.7	100.00%
Mexico	10	0	0.00%
Monaco	0.3	0.3	100.00%
Mongolia	0	0	0.00%
Netherlands	133.8	133.8	100.00%
New Zealand	2.6	2.6	100.00%
Norway	257.9	257.9	100.00%
Panama	1	0.5	50.00%
Peru	6	0	0.00%
Poland	0.1	0.1	100.00%
Spain	160.5	0	0.00%
Sweden	581.2	581.2	100.00%
Switzerland	100	30	30.00%
UK	1211	1211	100.00%
US	3000	0	0.00%
Total	10,193.5	5,473.9	

- No Contribution Agreement
- Partial Contribution Agreement signed
- Contribution Agreement signed for full pledge